

## Message Text

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ORIGIN SS-30

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /031 R

DRAFTED BY WHITE HOUSE, NSC: HSAUNDERS:GMD

APPROVED BY S - MR. EAGLEBURGER

NEA:ALATHERTON

NEA:SSOBER

S/S:WHLUERS

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FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI IMMEDIATE

INFO AMEMBASSY DACCA PRIORITY

AMEMBASSY ISLAMABAD PRIORITY

C O N F I D E N T I A L STATE 079720

EXDIS

E.O. 11652: GDS

TAGS: PFOR, IN

SUBJECT: SECRETARY'S MEETING WITH FOREIGN MINISTER SINGH,  
APRIL 15

SECRETARY MET WITH FOREIGN MINISTER SINGH, AMBASSADORS  
KAUL AND SEN AT WALDORF TOWERS AFTERNOON APRIL 15.  
ASSISTANT SECRETARY DESIGNATE ATHERTON AND SAUNDERS,  
NSC STAFF, PRESENT. AFTER BRIEF SOCIAL CONVERSATION IN  
WHICH SECRETARY INTRODUCED MRS. KISSINGER TO FOREIGN MINIS-  
TER, FOLLOWING WERE MAIN SUBJECTS COVERED:

(1) FM VOICED JUDGMENT THAT US-INDIAN RELATIONS CONTINUE  
TO IMPROVE WITH BOTH SIDES DOING EVERYTHING POSSIBLE TO  
MAINTAIN THIS PROGRESS. HE FELT THAT GENERAL SITUATION IN  
SOUTH ASIA HAD CONTRIBUTED IN GOOD MEASURE TO THIS IMPROVE-  
MENT. SECRETARY INDICATED US PLEASURE IN OUTCOME OF  
RECENT NEGOTIATIONS IN DELHI. FM SAID THAT NEGOTIATIONS  
HAD NOT BEEN EASY BUT THAT THEY HAD NOW PAVED WAY FOR  
NORMALIZATION OF RELATIONS IN SOUTH ASIA. SECRETARY  
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REMARKED ON STATESMANSHIP WHICH BANGLADESH HAD SHOWN IN

RELEASING PRISONERS.

(2) SECRETARY TOLD SINGH IT IS HIS UNDERSTANDING THAT PRC NOW PLANS RECOGNIZE BANGLADESH AND PLANS ACTIVE ROLE THERE. FM CONFIRMED THAT HE HAD SAME INFORMATION. HE RECOGNIZED THAT PRC INTERESTS IN BANGLADESH MAY NOT COINCIDE WITH

INDIAN INTERESTS BUT SAID PHILOSOPHICALLY THAT PRC IS NEIGHBOR AND INDIA WOULD HAVE TO LIVE WITH SITUATION. SECRETARY AFFIRMED US INTEREST IN STABLE, PROGRESSIVE, DEMOCRATIC BANGLADESH, AND FM AGREED THAT AMERICAN AND INDIAN INTERESTS AND OBJECTIVES ARE PARALLEL.

3. IN CONTEXT US-INDIAN BILATERAL RELATIONSHIP, FM AND SECRETARY AGREED THAT PREPARATIONS FOR JOINT COMMISSION WOULD PROCEED IN WASHINGTON. SECRETARY TOLD FM THAT AMBASSADOR MOYNIHAN NOW HAS AUTHORITY TO DISCUSS AID AND WOULD DO THIS IN DELHI. FM MADE POINT THAT IT IS IMPORTANT TO SEE SOME RESULTS FROM COMMISSION AND THIS WILL REQUIRE DECISIONS IN WASHINGTON ON THE FIELDS IN WHICH RESULTS ARE EXPECTED. SECRETARY REPLIED THAT US SIDE IS PREPARED TO MOVE ON A QUITE BROAD FRONT, PERHAPS USING MAJOR AREAS COVERED IN SECRETARY'S UNGA ADDRESS AS FRAMEWORK FOR DISCUSSION. IT WAS LEFT THAT KAUL WOULD TALK FURTHER WITH ATHERTON TO BEGIN REFINING AGENDA FOR WORK OF COMMISSIONS. (INDIAN MINISTER GONSALVES IS SEEING ATHERTON FRIDAY TO GIVE US PIECE OF PAPER THIS SUBJECT).

4. FM DESCRIBED PROBLEMS CREATED FOR INDIA BY INCREASES IN OIL PRICES. HE INDICATED THAT INDIA'S BILL FOR OIL IMPORTS WOULD REACH DOLS 1.5 BILLION, THAT INDIA COULD NOT INCREASE EXPORTS ENOUGH TO COVER THIS COST BECAUSE SO MANY GOODS AND SERVICES ARE NEEDED WITHIN INDIA, AND THAT AFTER ALL AVAILABLE RESOURCES HAD BEEN APPLIED TO THIS DEFICIT, INDIA STILL VISUALIZED A GAP OF DOLS 500 MILLION WHICH HAD NOT BEEN COVERED. HE INDICATED THAT INDIA'S GROWTH RATE WOULD BE REDUCED TO ZERO OR EVEN TO MINUS RATE. FM DESCRIBED RECENT ARRANGEMENTS MADE WITH IRAN AND IRAQ IN WHICH INDIAN DOWN PAYMENTS FOR OIL

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APPROXIMATED PRE-RISE OIL COSTS AND SPREAD COST INCREASES OVER A REPAYMENT PERIOD INTO THE FUTURE AFTER GRACE PERIOD OF FIVE YEARS. FM SAID DEBT RESCHEDULING INCREASINGLY IMPORTANT TO INDIA IN THIS SITUATION AND INDICATED THAT RESPONSE TO SOUNDINGS ON THIS SUBJECT IN EUROPE HAD GENERALLY NOT BEEN NEGATIVE. SECRETARY ANSWERED THAT USG HAS THIS PROBLEM UNDER STUDY.

5. KAUL RAISED PRACTICAL PROBLEM THAT INDIA HAS ORDERED 240,000 TONS OF FERTILIZER HERE BUT 160,000 TONS ARE BEING HELD UP BECAUSE OF US "PROHIBITION" ON FURTHER EXPORTS. KAUL FELT THAT US WOULD HAVE AMPLE FERTILIZER SUPPLY LATER IN YEAR AND ASKED WHY FERTILIZER COULD NOT BE RELEASED NOW TO NATIONS IN INDIA'S PREDICAMENT. FM POINTED OUT THAT FARMERS NOW FULLY PARTICIPATING IN GREEN

REVOLUTION AND ARE ACCUSTOMED TO NEW SEEDS AND NEW METHODS WHICH MAKE FERTILIZER INDISPENSIBLE. IF FERTILIZER UNAVAILABLE, THEN INDIAN FOOD PRODUCTION WOULD FALL AND IMPORT BILL FOR FOOD WOULD BE ADDED TO ALREADY HIGH IMPORT BILL FOR FUEL.

6. RETURNING TO BROAD INDIAN PROBLEM OF COVERING BALANCE OF PAYMENTS GAP IN FINANCING IMPORTS, FM RECOGNIZED THAT US HAS A PROBLEM OF AVAILABILITY OF GRAIN FOR PROVISION UNDER PL-480, BUT ASKED WHETHER SOME FORM OF US "FINANCIAL ACCOMMODATION" POSSIBLE ON INDIAN AGRICULTURAL PURCHASES. SECRETARY INDICATED IT POSSIBLE TO INVESTIGATE CCC CREDIT. FM SAID INDIA IS EAGER TO GET AWAY FROM CONVENTIONAL ECONOMIC ASSISTANCE BUT POINTED OUT THAT PRESENT CIRCUMSTANCES FORCE INDIA EXPLORE ALL POSSIBILITIES.

7. WHILE MRS. KISSINGER PRESENT, THERE WAS SOME DISCUSSION OF SECRETARY'S VISIT TO INDIA THIS SUMMER, BUT NO SPECIFIC TIME WAS MENTIONED. SECRETARY INDICATED THAT HE THINKING OF VISIT OF ABOUT THREE DAYS. SECRETARY ALSO SAID HE HAD RECEIVED INVITATION TO STOP IN BANGLADESH IN CONNECTION WITH VISIT TO INDIA AND ASKED FOREIGN MINISTER'S VIEWS ON SUCH STOP. FM REPLIED THAT DECISION ENTIRELY UP TO SECRETARY. KISSINGER  
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